

THIRD ADDENDUM TO AGREEMENT FOR PURCHASE AND SALE OF PROPERTY

WHEREAS, Boeing Realty Corporation, a California corporation, as seller ("Seller") and Sares-Regis Group, a California general partnership, as buyer ("Buyer") entered into that certain Agreement for Development, Purchase and Sale of Real Property and Escrow Instructions dated as of February 9, 2000, as amended by that certain Addendum thereto dated as of February 24, 2000, as further amended by that certain Second Addendum thereto dated as of March 15, 2000 (collectively, the "Agreement"), concerning that certain real property identified as Parcels 15 through 20, inclusive, of Tract No. 52172-02, as filed in Book 1238, Pages 17-22, inclusive of Parcel Maps, in the Official Records of the County of Los Angeles, State of California ("Property"); and

WHEREAS, DFS Group, L.P., a Delaware limited partnership ("Tenant") desires to lease a portion of the Property, specifically, Parcel 2 of Lot Line Adjustment PMEX 99-2594, recorded December 20, 1999, as Instrument No. 2336326, Official Records of Los Angeles County, California ("LLA"), concerning the Property, commonly known as 1580 Francisco Street, Los Angeles, California ("Premises"), pursuant to the terms and conditions of that certain Standard Industrial Lease (Single Tenant – Triple Net) concerning the Premises and dated as of 9/12, 2000 ("Lease"); and

WHEREAS, Tenant desires to execute the Lease before close of escrow for the sale of the Premises and the Property from Seller to Buyer under the Agreement ("Closing"); and

WHEREAS, the Lease requires that the landlord thereunder construct in the Premises certain above-standard tenant improvements ("ASTI's") comprised of certain mezzanine improvements and additional windows construction, all as specifically described in those certain plans and specifications prepared by Hill Pinckert & Associates and dated July 7, 2000 and approved by Seller ("CO Plans"); and

WHEREAS, pursuant to Section 1.3.4 of the Agreement, Seller has prepared and delivered to Buyer a certain Buyer Change Budget (as defined in the Agreement), a copy of which is attached hereto as Exhibit A and incorporated herein by this reference, concerning the ASTI's and the requested Buyer Change incident thereto ("CO Budget"); and

WHEREAS, Buyer, Seller and Tenant have each approved the CO Plans and the CO Budget, and Buyer has requested that Seller (a) execute the Lease, as landlord, for the benefit of Buyer and as an accommodation to Buyer, and (b) agree to construct the ASTI's in the Premises pursuant to the CO Plans and the CO Budget, all as a "Buyer Change" as defined in section 1.3.4 of the Agreement; and

WHEREAS, the Agreement does not obligate Seller to construct the ASTI's the Premises or to agree to the requested Buyer Change incident thereto as described in the CO Plans and CO Budget; and

WHEREAS, Seller is willing to amend the Agreement to include Seller's construction of the ASTI's and to execute the Lease before the Closing as an accommodation to Buyer, but only if there is no cost or risk to Seller by so doing, on the terms and conditions hereafter set forth; and

WHEREAS, in order to address construction by Seller of the ASTI's and to protect Seller from potential liabilities under the Lease, Buyer and Seller desire to enter into this Third Addendum to the Agreement ("Third Addendum"), which shall be deemed incorporated into and shall form a part of the Agreement for all purposes and at all times hereafter;

NOW, THEREFORE, the parties agree as follows:

1. Capitalized terms used herein and not otherwise defined herein shall have the meaning(s) ascribed to same under the Agreement.

2. Subject to the full and timely satisfaction by Buyer of each and all of the conditions precedent set forth in Section 3 below, (a) the Agreement is hereby amended to incorporate the ASTI's (as described in the CO Plans and CO Budget) as part of the Improvements, and (b) Seller agrees to use commercially reasonable efforts to cause the Construction Company to construct the ASTI's as part of the Improvements to be constructed on the Premises, in accordance with the construction schedule attached as Schedule B-1 to the Lease.

3. Seller's obligations under this Third Addendum are subject to the full and timely satisfaction by Buyer of each and all of the following conditions precedent:

(a) Tenant, Buyer and Seller shall have duly executed and delivered that certain Assignment, Assumption, Release and Indemnity Agreement of even date herewith concerning the Lease ("Assignment");

(b) Tenant shall have approved in writing (by executing this Third Addendum in the space below provided) this Third Addendum, the Lease, the CO Plans, the CO Budget, the storm water site retention plans for the Premises, and that certain Declaration and Grant of Easements and Reciprocal Easement Agreement delivered to Buyer on April 14, 2000 ("REA") (and Buyer hereby approves of each and all of same);

(c) Within ten (10) days after the date of execution and delivery hereof, Buyer shall have paid Seller in immediately available funds the sum of (i) \$557,803.00 (which amount includes all of Seller's administrative and supervisory fees regarding the CO Plans), being the amount set forth in the CO Budget for construction of the ASTI's pursuant to the CO Plans (and the CO Budget shall be treated as an approved Buyer Change Budget for all purposes under the Agreement, including without limitation section 1.3.4(a) thereof), plus (ii) the Security Deposit (as defined in the Lease), plus (iii) all of Seller's fees and costs (including without limitation attorneys' fees and costs) actually and reasonably incurred by Seller in responding to Buyer's request that Seller execute the Lease and construct the ASTI's, including without limitation Lease review and negotiation and drafting of the Assignment and this Third Addendum. Seller estimates that the total out-of-pocket fees and costs described above will not exceed \$50,000.00, assuming no substantial problems arise. Notwithstanding the foregoing, Buyer and Tenant shall not be liable to Seller for any expenses incurred by Seller due to Seller's gross negligence or breach of the Development Agreement. To the extent received by Seller, Seller will pay the Security Deposit to Buyer at the Closing (less any deductions therefrom permitted to "Landlord" under the Lease).

4. Whether or not the conditions precedent set forth in Section 3 are satisfied, the Agreement is hereby amended as follows:

(a) Buyer agrees to take title to the Property subject to any and all mechanic's liens which have been filed or may potentially be filed against the Premises by reason of any work performed or materials delivered thereon or therein by Tenant under the Lease (provided, however, that Seller shall be fully responsible for and will cause to be removed from buyer's title insurance at Closing any mechanic's liens or potential mechanic's liens attributable to labor or materials supplied for the ASTI's);

(b) Buyer agrees that the Purchase Price under the Agreement is hereby increased by \$331,044 (payable at Closing), in consideration of the sale by Seller to Buyer of 11,826 additional Improvements square footage entitlements for the Property, computed as follows: 3,000 additional square feet allocated to the legal lot upon which Building A (per the Final Plans) is located, plus 15,000 additional square feet allocated to the Premises in connection with the ASTI's, less 3,174 square feet of Improvements entitlements owing to Buyer under the Agreement as of prior to the date hereof. In addition to the foregoing, Seller hereby grants to Buyer the right (but no obligation) to make a one-time purchase from Seller up to an additional 6,000 square feet of Improvements entitlements to be allocated to the legal lot upon which Building C (per the Final Plans) is located; provided that Buyer may only make one such purchase, and further provided that on or before the date which is one (1) year after Closing, Buyer delivers to Seller written notice of exercise of such election specifying the number of square feet of additional Improvements entitlements which Buyer desires to purchase,

and good funds in the amount of \$28.00 for each such square foot of Improvements entitlements being purchased by Buyer, as the purchase price therefor.

(c) the Grant Deed to be delivered by Seller to Buyer at Closing (if any) shall separately specify the maximum permitted floor area ratio for each legal parcel comprising the Property as of the Closing (after giving effect to the additional entitlements being purchased by Buyer under section 4(b) above) as follows: Building A/ Parcel 1: 52.0%, Building B/Parcel 2: 56.7%, Building C/Parcel 3 Parcel: 42.4%.

(d) To the best of Buyer's actual knowledge, and except as otherwise heretofore disclosed by Buyer to Seller, Buyer acknowledges and agrees that Seller has fully and timely complied with and performed each and all obligations on its part to be performed under the Agreement as of the date of execution and delivery by Buyer of this Third Addendum (specifically including without limitation Seller's satisfactory achievement and completion of each Construction Milestone and every aspect of the construction of the Improvements on the Property through the date hereof).

(e) Notwithstanding any contrary provision of the Agreement or this Addendum, Buyer shall be fully liable (and shall pay Seller within ten (10) days after written request therefor by Seller, together with reasonable supporting information) for any and all construction costs and other fees and expenses incurred by Seller in good faith (i) in connection with the CO Plans or construction of the ASTI's, or (ii) in connection with the Tenant's Parking Plan as defined in Section 4.2 of the Lease (including without limitation any planning, processing, configuration, installation, striping, landscaping, lighting or compliance with laws regarding same); in either event even if such amounts are in excess of the CO Budget or the amount currently budgeted for said parking areas under Seller's construction contract with R.C. Wages, general contractor for construction of the Improvements; provided, however, that Buyer will not be liable for any such excess costs, fees or expenses to the extent caused by Seller's gross negligence or intentional misconduct.

(f) Buyer and Seller acknowledge and agree that the LLA contains certain errors as described in Section 6(g) of the Assignment, and that Seller shall amend the LLA before the Closing and as soon as practicable pursuant to the "Correction" (as defined in Section 6(g) of the Assignment). Buyer hereby consents to the "Correction" (as defined in Section 6(g) of the Assignment).

5. Buyer and Seller acknowledge and agree that time is of the essence under the Agreement, and especially as regards the Closing Date. Buyer acknowledges and agrees that Seller shall be under absolutely no obligation to enter into any extension(s) or modification(s) of the Agreement.

6. Except as expressly modified hereby, each, every and all terms and conditions of the Agreement shall continue in full force and effect. In the event of any express conflict between the terms of the Agreement and the terms of this Third Addendum, the terms hereof shall prevail.

7. The undersigned hereby certify that they have read all of the foregoing Third Addendum, have conferred with counsel pertaining to the same, and fully understand all of the terms hereof, and the parties acknowledge and represent that they enter into this Third Addendum and all of the contemplated documents of their own free will and not due to any representation, commitment, promise, pressure or duress from any other party.

8. This Third Addendum shall be binding upon and inure to the benefit of the parties and their respective successors and assigns. This Third Addendum may not be assigned, in whole or in part, by Buyer or Tenant without the prior written consent of Seller, which may be withheld in its sole and absolute discretion, and any purported assignment in violation of the foregoing shall be an immediate material breach of this Third Addendum.

9. This Third Addendum is made and entered into for the sole protection and benefit of the parties hereto, and their permitted successors and assigns, and no other person or persons shall have any right of action hereon or be a third party beneficiary of this Third Addendum or any of the agreements or instruments called for herein.

10. No waiver by any party of any default or breach by any other party of any representation, warranty, covenant or other obligation in connection with any of this Third Addendum shall be implied from any failure to take action on account of such default, even if such default persists or is repeated. No express waiver in writing shall affect any default or breach other than the default or breach referenced therein, and any such waiver shall be operative only for the time and to the extent therein stated.

11. All headings appearing herein are for convenience only and shall be disregarded in construing the substantive provisions of this Third Addendum.

12. This Third Addendum may be executed in any number of counterparts, each of which shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument.

13. In the event that any party to this Third Addendum should retain an attorney as a result of any dispute(s) arising out of or in any way connected with this Third Addendum (including without limitation any tort, contract or non-contract claims, disputes to enforce or interpret any provision of, or to declare any rights under, this

Third Addendum, or otherwise), the prevailing party in any such dispute (whether by way of judgment, arbitration award, mediation, settlement, dismissal(s) of claims, or otherwise), shall be entitled to collect from the other party(ies) all of its fees and costs, including, without limitation, reasonable attorneys' fees, costs and expenses, incurred in connection with said dispute(s), whether or not suit is instituted and/or dismissed, and including without limitation any causes of action for injunctive and/or declaratory relief and/or any and all such fees and costs in connection with any appeal(s).

14. AS A MATERIAL INDUCEMENT TO SELLER TO ENTER THIS THIRD ADDENDUM, BUYER AND SELLER EACH HEREBY WAIVES ITS RIGHT(S) TO TRIAL BY JURY (IF ANY) IN ANY LAWSUIT OR ACTION BY OR AGAINST SELLER, INCLUDING BUT NOT LIMITED TO, ANY AND ALL CONTRACT AND TORT CLAIMS.

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15. This Third Addendum (together with the Agreement and the Assignment) is the sole, entire, integrated and complete agreement of the parties relating in any way to the subject matter hereof, and any and all prior and/or contemporaneous negotiations, communications and understandings are merged herein and are hereafter null and void to the extent not expressly set forth herein. No statements, promises or representations have been made by any of the parties or their counsel to any other of the parties or their counsel, or been relied upon, and no consideration has been or is offered, promised, expected or held out, other than as set forth in this Third Addendum, the Agreement or the Assignment. This Third Addendum may not be altered, amended or modified except by a writing which expressly refers to this Third Addendum and is signed by whichever of the parties is to be charged.

16. This Third Addendum is entered into and shall be construed, governed, interpreted and enforced in accordance with the laws of the State of California.

17. Each of the parties hereto shall make, execute and deliver such documents and agreements and shall undertake such other and further actions as may be reasonably necessary to carry out the intent of the parties hereto as expressed in this Third Addendum.

18. In the event that any one or more provisions of this Third Addendum are found to be unenforceable, the remainder of this Third Addendum shall nonetheless be and remain valid and enforceable, unless the basic purposes of this Third Addendum are frustrated thereby.

[SEE ATTACHED SIGNATURE PAGE]

**SIGNATURE PAGE FOR THIRD ADDENDUM TO AGREEMENT FOR PURCHASE AND
SALE OF PROPERTY**

Dated as of ^{September} August 6, 2000

**TENANT HEREBY ACKNOWLEDGES
RECEIPT OF AND APPROVES THE
FOREGOING THIRD ADDENDUM,
THE CO PLANS, THE CO BUDGET
AND THE REA.**

TENANT:

DFS GROUP, L.P.,

A Delaware limited partnership

By: 

Its: Vice President, Finance

SELLER:

**BOEING REALTY CORPORATION, a
California corporation**

By 

Its

STEPHEN J. BARKER
DIRECTOR-BUSINESS OPERATIONS

BUYER:

**SARES-REGIS GROUP,
a California general partnership**

By: **SARES COMPANY,
a California corporation,
as general partner**

By 

Its

SECRETARY

**EXHIBIT A TO THIRD ADDENDUM
("CO BUDGET")**

15,000

15,000

****Potential Acceleration Costs are Included In the scope of work however they have yet to be approved by SRG.**

Date: _____